

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 PRS-01 SP-02 OMB-01 NSCE-00 SSO-00 USIE-00

INRE-00 FEA-01 /086 R

DRAFTED BY EB/OT/STA:WCLARK,JR.:CLJ

APPROVED BY EB/ITP-MWGLITMAN

TREASURY:POSUCHMAN

AGRICULTURE:MR. GOODMAN

EUR/RPE:AALBRECHT

STR:KGUENTHER

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O 282332Z APR 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

LIMITED OFFICIAL USE STATE 099060

E.O. 11652:N/A

TAGS: ETRD, EAGR, EEC

SUBJECT: EC CHEESE PROBLEM

REFS: (A) EC BRUSSELS 3624; (B) STATE 092821

1. MISSION REQUESTED FORMALLY PRESENT LETTER FROM ACTING
TREASURY SECRETARY GARDNER TO SIR CHRISTOPHER SOAMES. TEXT
PROVIDED REF (B).

2. IN ADDITION FOLLOWING SUGGESTED TEXT SHOULD BE USED BY
AMBASSADOR IN RESPONDING TO SOAMES LETTER OF APRIL 23
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REPORTED REF (A). BEGIN TEXT:

I HAVE RECEIVED YOUR LETTER OF APRIL 23 INFORMING US OF THE
COMMISSION'S DECISION TO TEMPORARILY SUSPEND EXPORT REFUNDS

ON EMMENTHALER AND GRUYERE. UPON RECEIPT OF THIS INFORMATION THE UNITED STATES DEPARTMENT OF TREASURY PUBLICALLY ANNOUNCED ITS DECISION NOT TO IMPOSE COUNTERVAILING DUTIES ON THE REMAINING CHEESE EXPORTS OF THE EUROPEAN COMMUNITY WHICH CONTINUE TO BENEFIT FROM RESTITUTION PAYMENTS. FORMAL ACTION TO IMPLEMENT THAT DECISION, AS HAS PREVIOUSLY BEEN EXPLAINED TO YOU, WILL FOLLOW IN A FEW DAYS.

MY GOVERNMENT IS AWARE OF THE PRESSURES UNDER WHICH YOU WERE FORCED TO LABOR ON THIS MATTER, AS I AM SURE YOU ARE AWARE OF SIMILAR PRESSURES WHICH EXISTED IN THE UNITED STATES. WE BELIEVE THAT HAVING AVOIDED A CONFRONTATION OVER THIS MATTER IS IN OUR MUTUAL INTEREST AND WE, FOR OUR PART, GREATLY APPRECIATE THE COMMISSION'S EFFORTS IN REACHING A SOLUTION.

IN ORDER THAT THERE MAY BE A CLEAR UNDERSTANDING BETWEEN US, I SHOULD LIKE TO RECAP THE PRESENT SITUATION AS WE SEE IT.

A. THE COMMISSION IN REINSTITUTING ITS RESTITUTION PAYMENTS ON FEBRUARY 6 FOR CHEESE EXPORTS TO THE UNITED STATES DID NOT ESTABLISH A RESTITUTION FOR CHEDDAR (CODE 4850-00). SUBSEQUENTLY, THE COMMISSION DECIDED TO SUSPEND RESTITUTIONS ON THE FOLLOWING CHEESES: COLBY AND MONTEREY (CODE 5120-83); INDUSTRIAL CHEESE FOR PROCESSING (CODE 5120-11, 5120-15 AND 5120-21); AND EMMENTHALER AND GRUYERE (CODE 3800-00). PRIOR DISCUSSIONS BETWEEN THE COMMISSION AND THE U.S. GOVERNMENT WILL TAKE PLACE BEFORE ANY REINTRODUCTION OF EXPORT REFUNDS ON THESE CHEESES.

B. ALL OTHER RESTITUTIONS REINSTATED ON FEBRUARY 6 REMAIN IN EFFECT AND THE POLICY GOVERNING THEM REMAINS UNCHANGED. WE UNDERSTAND THAT, GIVEN THAT POLICY, THE COMMISSION DOES NOT BELIEVE THAT ANY COMMUNITY CHEESE WILL UNDERCUT THE COMPARABLE U.S. PRODUCT. THE UNITED STATES IS NOT RAISING ANY OBJECTIONS TO THE COMMUNITY'S REMAINING EXPORT LIMITED OFFICIAL USE
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REFUNDS ON CHEESE.

C. ON APRIL 24 THE UNITED STATES ANNOUNCED ITS DECISION NOT TO IMPOSE COUNTERVAILING DUTIES ON COMMUNITY CHEESES STILL BENEFITTING FROM RESTITUTIONS FOR EXPORT TO THE UNITED STATES. THE FORMAL PUBLICATION OF THIS DECISION WILL CONTAIN A LIST OF THE CODE NUMBERS OF THE CHEESES ON WHICH COUNTERVAILING DUTIES ARE BEING WAIVED, A LIST PREPARED BY THE UNITED STATES AND VERIFIED AS CORRECT BY THE COMMISSION. THE U.S. ALSO PLANS TO INSTITUTE A MONITORING SYSTEM FOR EC CHEESE IMPORTS WHICH WILL REQUIRE THE IDENTIFICATION BY EC CODE NUMBER ON CUSTOMS DOCUMENTATION OF

ALL SUCH IMPORTS. A PERIOD FOR COMMENT ON THE REQUIREMENT FOR IDENTIFICATION BY EC CODE NUMBER WILL BE PROVIDED BEFORE IT BECOMES EFFECTIVE.

WE ARE PREPARED, SHOULD CHANGES IN THE ABOVE SITUATION BE CONSIDERED OR NEW PROBLEMS ARISE FOR THE COMMUNITY, TO CONSULT WITH A VIEW TO APPROPRIATE ACTION. WE ASSUME THE COMMUNITY WILL ALSO BE SO PREPARED.

IT IS MY GOVERNMENT'S INTENTION TO CONTINUE WORKING CLOSELY WITH THE COMMISSION AND THE MEMBER STATES OF THE EUROPEAN COMMUNITY IN ORDER TO STRENGTHEN OUR RELATIONS TO OUR MUTUAL ADVANTAGE. I HOPE THAT WITH THE CONTENTIOUS CHEESE ISSUE NOW BEHIND US WE CAN MOVE FORWARD IN THAT DIRECTION.

ONCE AGAIN LET ME EXPRESS OUR APPRECIATION FOR THE COMMISSION'S EFFORT IN HELPING US RESOLVE THIS VERY DIFFICULT ISSUE. END TEXT.

3. WE LEAVE TO THE MISSION TO DECIDE BEST TIMING FOR DELIVERY OF THESE TWO LETTERS. KISSINGER

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Margaret P. Grafeld
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